MULTIUNIT TRENDS

Take-out foods satisfy new, changing lifestyles

By Charles Forman
Executive Editor

Some frontiers are immediately apparent—like the international marketplace. Domestic multiunit food-service chains have long seen the opportunity, not to say the downright need, to plant their flags on foreign soil.

Another market, maybe even bigger, also waits to be pioneered. That's the take-out business. The latest figures provided by Restaurant Trends, Middletown, N.J., indicate the chains haven't yet ironed out how to make their take-out efforts a real determinant of store sales gains.

But the demographic pollsters say new lifestyles might provide a tremendous push for take-out food service. It shouldn't have surprised anyone when seafood dinnerhouse Red Lobster decided last winter to zero in on take-out by offering chainwide a variety of prepared platters and seafood salads.

Somebody at Red Lobster evidently had his ear to the ground. What he was hearing is that Americans, subjected to the explosive force of new technology, are actually in many instances spending more time at home or at home with friends. Cable television, electronic games, videocassette recorders and home computers are educating these people, entertaining them, or being put to some other purpose.

Along with an obviously growing desire for convenience by the population at large that has been driving food service for years, these new influences point to the possibility of a new food-service era. The new era is one in which providing take-out food—or perhaps prepared and delivered food—could become the biggest part of the business. Room service for the masses is at least imaginable.

While, as noted, take-out at the leading chain operations is not responsible for sales gains, one exception exists. That's in the pizza segment. So far Restaurant Trends' numbers are available only for Pizza Hut's telephone order sales. Pizza Hut has heavily advertised that it does take telephone orders.

Educated suspicion is that the same kinds of sales gains that Pizza Hut is garnering with telephone/take-out orders are accruing segment-wide with delivery and quick pick-up services, too. The incredible growth of delivery chains like Domino's in the Midwest and the blossoming of computerized central telephone ordering services like that pioneered by Pizza Pizza, in Toronto, would seem to back this thinking.

Pizza, of course, is traditionally a take-out food. So it's natural enough that as chains fill in markets across the country (especially, it seems, as the development is engineered by creative, aggressive newcomers), the accepted service style spreads.

The gauntlet's down then for the rest of chain food service.

(Continued on page 11)

TAKE-OUT BUSINESS

	Per Cent of Overall Sales by Month			Per Cent of Overall Sales by Region			
	Three Months: 1/84-3/84	Six Months: 10/83-3/84	Twelve Months: 4/83-3/84	Northeast	North Central	South	West
Church's	74.0%	73.0%	71.0%	61.0%	74.0%	72.0%	66.0%
Dunkin' Donuts	70.0	70.0	70.0	70.0	70.0	69.0	71.0
Kentucky Fried Chicken	69.0	68.0	66.0	67.0	66.0	63.0	70.0
Long John Silver's	41.0	NA	NA	NC	38.0	47.0	NC
Pizza Hut	39.0	40.0	39.0	33.0	39.0	40.0	43.0
Howard Johnson	6.0	8.0	NA	9.0	4.0	9.0	6.0
Big Boy	5.0	6.0	NA	2.0	7.0	4.0	3.0
Average	43.4%	NA	NA	40.3%	42.6%	43.4%	43.2%
Average Excluding Long John Silver's				40.3	43.3	42.8	43.2

Source: Restaurant Trends

NA—Not Available
NC—Not Calculable; insufficient sample size

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MULTIUNIT TRENDS

Take-out becomes a driving force

(Continued from page 9)

How to pick it up? Probably just the way Red Lobster is doing. If the need's there and they back their offerings with some marketing oomph, the program will surely go.

Drive-thru business, mostly owned by the fast-food operators, is usefully seen as an adjunct to take-out. It's interesting to speculate that the drive-thru is positioned in the consumer's mind as a convenience to a convenience—sort of like the rent-a-car companies' express check-in.

This is absolutely validated by Restaurant Trends' finding that when drive-thrus are added to older units, the incremental business developed is substantial.

At the same time they are not on a continuing basis a sustaining force in incremental store sales growth.

Among the chains tracked, the most drive-thru business is done by Jack-in-the-Box. Jack-in-the-Box units have featured drive-thrus for a number of years. In addition, Jack-in-the-Box units are generally shorter on seating than are competitors' stores. On average Jack-in-the-Box drive-thrus generate 60% of unit sales.

Of the five major hamburger chains, Wendy's gets the lowest percentage of sales from drive-thrus. This seems inevitable, at present, with the chain so carefully positioned in many customer minds as providing extra service inside the store for a higher average check (which must be paid anyway).

One of the leaders in Restaurant Trends' tracking of take-out and drive-thru sales, which shouldn't be omitted from mention, is Dunkin' Donuts.

Take-out sales account for 70% of Dunkin' Donuts' unit sales—even with the considerable unit revamping, including added seating and menu broadening, that's been going on at that chain the past few years.

One of the clichés of the doughnut business is that it's extremely price sensitive and also often buffeted by bakery shop competition.

Restaurant Trends decided to try to pin down exactly what the case is at Dunkin' Donuts. Restaurant Trends tracked the price for a dozen doughnuts and then correlated that information with incremental store sales changes.

As doughnut prices fell, store sales got better, the researchers discovered. But when they spread incremental store sales gains in bunches from high to low and tried to find a correlation in the price range for doughnuts, they ran into a blank.

The conclusion, in their minds anyway, is that doughnut price sensitivity really exists only at the extremes of the price range and not at all in the broad center.

This sounds a little suspect but probably is not.

Dunkin' Donuts is one of the greatest utilizers in food service of price promotions, including cents-off coupons for its doughnuts.

The price cutting usually seems pretty substantial: 50¢ to 60¢ out of $2.50 to $2.60. But that's at best only 20%, much less of a price cut than some of the popular giveaways at the burger chains.

It's certainly not a "Buy one, get one free" offer. So the folks at Dunkin' Donuts headquarters in Randolph, Mass., may already be discounting the cents-off draw of the discount and counting on it more as an advertisement and attention getter.

For further information on Restaurant Trends research, write or phone Carl De Biase, Restaurant Trends, 1000 Highway 35, Middletown, N.J. 07748. 201-671-4444.

DUNKIN DONUTS TAKE-OUT

(Product information by quarter)

	% of Overall Sales
1983 2nd Qtr.	72.64%
3rd	67.89
4th	70.40
Total 1983	70.01%
1984 1st Qtr.	70.09%

Source: Restaurant Trends

DRIVE-THRU BUSINESS

	Per Cent of Overall Sales by Month Three Months: 1/84-3/84	Per Cent of Overall Sales by Region			
		Northeast	North Central	South	West
Jack-in-the-Box	62.0%	NA	NA	67.0%	60.0%
Burger King	49.0	47.0%	49.0%	48.0	50.0
Hardee's	47.0	44.0	44.0	49.0	53.0
McDonald's	46.0	46.0	46.0	46.0	42.0
Wendy's	43.0	40.0	43.0	42.0	46.0
Kentucky Fried Chicken	39.0	NC	38.0	40.0	44.0
Average	47.7	44.2	44.0	48.7	49.2
Average Excluding Jack-in-the-Box		44.2	44.0	45.0	47.0

Source: Restaurant Trends

NA—Not Available
NC—Not Calculable; insufficient sample size

Employment image takes a 'bum rap'

NEW YORK — The food-service industry's often-criticized bad employment image is mostly a bum rap, according to a nationwide survey of nearly 5,000 fast-food employees.

The survey, conducted in 1982 and 1983 by the National Institute for Work & Learning, found that two-thirds of the respondents enjoy their jobs. Among other key findings, the survey disclosed that 59% come from "lower-class" or "lower-middle-class" backgrounds and that the average length of employment is 18 months, with about 25% on the job for two years or longer.

Moreover, the survey indicated that employees learn crucial job skills, such as taking direction, being punctual, discipline and teamwork, as well as how to operate equipment such as cash registers and food-preparation machines. And more than half said they would continue their education.

On the other hand, workers surveyed complained of low wages—they averaged $3.65 an hour, 30¢ above the minimum wage—and said that the hours were too short. Young black workers, who tended to receive the lowest wages, were also the least satisfied.

PIZZA HUT PHONE ORDERS

(Product information by number of phone orders per week)

Phone Orders* (Z Score)	Average Number of Phone Orders per Week	Per Cent Change in Overall Store Sales** % Change	Percentile Rank
1983			
1.00 - 2.00Z	680	17.05%	55.43 Ptle
0.00 - 0.99	452	14.23	45.28
(0.01)-(0.99)	269	14.69	50.48
(1.00)-(2.00)	103	10.95	45.35
1984			
1.00 - 2.00Z	613	24.87%	53.00 Ptle
0.00 - 0.99	414	11.96	51.60
(0.01)-(0.99)	218	11.68	45.29
(1.00)-(2.00)	73	12.80	32.33
1983-84			
1.00 - 2.00Z	659	19.55%	54.65 Ptle
0.00 - 0.99	437	13.33	47.79
(0.01)-(0.99)	251	13.65	48.69
(1.00)-(2.00)	93	11.55	41.15

Source: Restaurant Trends

*Ranking by Z scores is a statistical means of bunching groups along a continuum according to how they rank when rated by a certain given factor, in this case phone orders. Z scores range from a high of 2 to a low of -2.
**Month over prior month a year earlier.

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FOCUS NRN

Overseas investments finally pay off for some U.S. chains

By Joe Edwards

After nearly two decades of expansion in international markets, United States-based restaurant chains are finally realizing bottom-line benefits from their difficult, expensive, time-consuming and problem-riddled ventures abroad.

Even for such food-service giants as McDonald's and Kentucky Fried Chicken, which operate more than 3,000 foreign units between them, the road to profitability has been filled with potholes, detours and land mines—occasionally real ones.

Educating foreign consumers to eat American-style burgers, Southern fried chicken, coleslaw, and milkshakes is less difficult than meeting certain other challenges.

Start-up costs are enormous, and supplies and equipment are hard to procure. Political instability scares away all but the hardiest operators and franchisees from some countries, especially in Central America and the Middle East. Site selection commonly is more beset with difficulties than it is in this country, and the costs of land, building and equipment are ordinarily higher. Demographics studies are usually nonexistent.

Legal restrictions sometimes limit the extent of a company's involvement in its overseas operations. Foreign franchisees frequently have conflicting views of proper sanitation methods. They also tinker with recipes. American chains usually have to staff regional offices overseas to police units to ensure quality, service, cleanliness and consistency.

There are foreign exchange headaches; millions of dollars can be lost with fluctuations of foreign currencies against the dollar. Chains must consider local sensibilities; some residents of Barcelona, for example, were incensed when McDonald's opened a restaurant earlier this year in a landmark building designed around the turn of the century by the esteemed local architect Gaudí.

For chains that persevere, however, these and other challenges can be met and overcome. McDonald's in 1983 reported a 34% rise in international income to $174 million on a 27% jump in revenues to $675 million compared with year-earlier results. International sales rose 12% to $1.6 billion at its 1,500 or so foreign units.

For Wendy's, however, profits are still a few years away. Chairman Bob Barney recently said the international division is losing money and Wendy's "won't break even in international operations before 1986."

United States-based chains operate nearly 5,000 restaurants in more than 50 countries, primarily Japan, Canada, Australia and Britain. They plan even greater penetration of foreign markets in the next few years, with most unit growth coming in Western Europe and the Pacific Basin.

There are still only a few American chains in Italy, Africa, Central America, South America and the Middle East. Development in those areas is going on but at a very slow pace.

Some smaller chains are very active overseas. Mister Donut has more than 900 foreign units, mostly in Japan, Canada, the Philippines and Thailand. Baskin-Robbins sells its 31 flavors at nearly 500 foreign restaurants. There are close to 300 A&W units, about 100 Shakey's Pizza units and 60 Swensen's outside this country.

Of the 18 leading American

(Continued on page 37)

'Even for such food-service giants as McDonald's and KFC, the road to profitability has been filled with potholes, detours and land mines.'

FOCUS NRN

FOREIGN MARKETS

American chains finally reaping overseas rewards

(Continued from page 31)
chains in foreign countries, only three are not fast feeders: Denny's, which has 230 units in Japan, Malaysia and seven other countries; Red Lobster, which has a dozen or so in Japan and Canada, and Pizza Time Theater, with about 10 units in France, Britain and Canada.

Large chains that have been overseas for years are clustering units in key markets, giving them economies of scale for marketing, advertising and purchasing.

Heads of international divisions get more than a few gray hairs from foreign currency fluctuations. McDonald's 1983 international sales of $1.6 billion would have been $54 million higher if foreign currencies, excluding those related to hyperinflationary economies, had not declined in 1982, according to a spokesman.

Kentucky Fried Chicken, which is neck and neck with McDonald's in opening units abroad, has higher unit sales in foreign countries than it does domestically. International sales rose 6% to $708 million in 1983.

In overseas markets, KFC faces many of the same challenges it contends with in this country, according to Robert Hiatt, president of KFC-International. "One of our principal challenges is fighting deviation," he says. "There's one way to do chicken. If we do that, we're successful."

Some American chains enter a few foreign markets with a local partner, as Red Lobster did when it expanded to Japan in a joint venture with Jusco, a local retailer.

Ito-Yokado, a Japanese conglomerate with department and specialty stores, convenience stores (7-Eleven), discount stores, real estate interests and supermarkets, franchises 195 Denny's in Japan. They reported a net income of $5.1 million on $195 million sales in fiscal 1984.

Many Denny's units in Japan have been remodeled with lighter colors and a more upscale look to appeal to young adults. Lighter menu items, such as salads, have been added because more and more people are now more conscious of health. To entice the price-sensitive Japanese consumers, Ito-Yokado has not raised menu prices for three years.

The whole Pacific region is percolating with American restaurant chain expansion. McDonald's first unit in Taiwan (opened in January) reports annualized sales of $5 million, making it the highest-grossing McDonald's restaurant.

Burger King, which has units in Australia (where it is known as Hungry Jack), Singapore and Hong Kong, is considering expansion into Taiwan, as are Wendy's and other chains.

KFC's highest-volume unit is in Malaysia, where customers are spending $2.4 million annually. KFC's unit sales in international markets average $523,800.

Burger King, with only 263 units in foreign markets at the start of this year, is planning a huge push in Europe, where it plans to have 400 restaurants by 1987.

European operations were consolidated last year and a new headquarters was opened just outside London. The chain recently completed a major "shape-up" program for existing units and has at least $20 million pledged by chief executive Jeffrey Campbell to begin an expansion drive in earnest.

Wendy's, which has only 95 units outside the United States and Canada, is planning expansion in London, Madrid, Frankfurt and Japan and is looking at France, Mexico and Taiwan.

KFC's expansion focus is on Western Europe, South America and Asia. There are more than 1,500 KFCs in 50 countries.

Collins Foods International plans to open its first Sizzler family steakhouse in Australia this year.

Though fast feeders are most active in international expansion, Tony Roma's Place for Ribs has a unit in England, Denny's has 230 units outside the United States and Red Lobster is taking its first tentative steps toward international development with units in Japan and Canada.

Fuddruckers, the fast-growing, San Antonio-based chain that specializes in dress-your-own large burgers, has signed a letter of intent with a group of British investors to open and operate three restaurants in Britain and one in West Germany.

SELECTED LIST OF AMERICAN-BASED CHAINS OVERSEAS

Chain	Estimated Total Number of Units Outside U.S.	Major Activity (# of Units)
McDonald's	1,527	Canada (442); Japan (395); Germany (190); Australia (147); Britain (133)
Kentucky Fried Chicken	1,500*	Japan (400); Britain (360); Australia (200); South Africa (150); New Zealand (45)
Mr. Donut	915	Canada; Philippines; Thailand; Japan
Dairy Queen	571	12 countries
Baskin-Robbins	446	N/A
A & W	293	Canada (243); Kuwait; Malaysia; Thailand
Pizza Hut	290	N/A
Burger King	263	Western Europe (69); Hong Kong, Singapore, South Korea; Australia**
Denny's	230	Japan (170); Malaysia; 7 other countries
Wendy's	165	Canada (70); Britain; Germany; Spain; Japan
Shakey's Pizza	95	Malaysia; Thailand; Jamaica
Swensen's	60	11 countries
Hardee's	25	Canada
Winchell's Donuts	20	Guam, Japan; Korea; Philippines
Pizza Inn	16	Mideast; Philippines; Hong Kong; Mexico
Long John Silver's	14	N/A
Red Lobster	12	Japan (3); Canada (2)
Pizza Time Theater	10	France; Britain; Canada

Source: *NRN* research

*This number does not include several hundred KFC units in Canada that are operated by a separate nonprofit corporation with all proceeds going to charities.

**Burger King is known as Hungry Jack in Australia.

KFC patience pays off: Undisputed rule of the overseas roost

LOUISVILLE — Back when most experts claimed that American fast food would never fly in foreign markets, Kentucky Fried Chicken was gingerly but resolutely testing international expansion. Its gamble paid off. The giant chicken chain earns handsome profits from its overseas operations and has left its segment competitors in the dust.

"We'll keep the pressure on," says Robert Hiatt, who joined the chain as president of KFC-International in 1981. "It takes time in overseas markets to reach profitability. Our newer competitors don't have the needed mass or a success model" overseas.

KFC, which dominates the domestic fast-food chicken segment with greater than a 50% share, has a virtual stranglehold on the world's chicken market. By year's end, the chain will be operating 1,700 units in more than 50 foreign countries. Competition from other fast-food chicken chains barely exists.

"Church's tried to get into Australia and Japan but backed out," Hiatt says in a matter-of-fact tone that is devoid of any trace of immodesty. "They also closed up in Singapore. Popeyes and Bojangles' are in a couple of markets, but we have no chicken-based competition overseas."

In Australia, two large chains that specialize in rotisserie chicken compete with KFC's 200 units. A while back KFC began testing its own barbecued chicken but quickly withdrew it and went with its original product.

In the race by American chains to develop lucrative international markets, KFC is running in a dead heat with McDonald's in number of units. Both chains started the year with about 1,500 foreign units, and both are opening between 180 and 200 before the end of the year.

McDonald's total number of units outside the United States includes 442 restaurants in Canada, where KFC restaurants are operated by a separate nonprofit corporation that has no connection with KFC Corp. (KFC's founder, the late Col. Harland Sanders, set up KFC in Canada and earmarked all profits for charities in the United States and Canada.)

McDonald's, by virtue of its stronger average unit sales, has opened a wide lead over KFC in international systemwide sales: $1.6 billion in 1983 vs. $708 million for KFC. McDonald's per-unit average sales of about $1.1 million in international markets are about twice those of KFC. But KFC is in 50 countries, compared with McDonald's 31.

Hiatt directs international operations from his office at KFC headquarters here. He oversees seven major business units, which are responsible for 400-plus units in Japan, 360 in Britain, 200 in Australia, 150 in South Africa, 38 in Mexico, 25 in Puerto Rico and 45 in New Zealand.

Expansion plans call for major unit growth in Western Europe, South America and Asia as part of KFC's multimillion-dollar systemwide development push that will add more than 2,000 new restaurants in all markets by 1988.

Robert Hiatt

KFC's overseas operations are a combination of company and franchised units plus several joint ventures with local businessmen. Its strategy is to cluster company-operated units in and around principal cities. The chain recently acquired a large number of units from franchisees in Puerto Rico and Britain and in the next couple of years will open more company units than franchised units.

In Thailand, a local franchisee group opened KFC's first unit in an indoor shopping center anchored by a Hyatt Hotel on June 28. The 160-seat restaurant is operated by the Central Department Store Group, which is a licensee for such American products as Estée Lauder cosmetics and Levi's jeans.

There is talk of a return to Hong Kong, a market KFC abandoned eight years ago. Forays into Argentina, South Korea, Taiwan, the Netherlands, Germany and Spain are under way or planned for the near future.

Ensuring product consistency in 50 countries is a large task, according to Hiatt. "One of our principal challenges is fighting deviation," he explains. "There's one way to do chicken. If we do that, we're successful."

Drive-thru windows have not been added in many stores in Western Europe because cars aren't used for pleasure travel as much. Most stores on the Continent are in-line, usually in retail centers. Drive-thru windows, however, are found in Australia, Mexico and New Zealand and are being added in Puerto Rico "as fast as we can. They fit the lifestyle."

The first KFC unit in Malaysia is capturing annual sales of $2.4 million, nearly five times higher than the systemwide average. "We seem to have filled a niche in the marketplace between vendors and white-tablecloths," Hiatt says, explaining that in Malaysia about 75% to 80% of the customers dine leisurely in the restaurant.

"Living quarters are small, and it's a treat for the family," Hiatt adds. "They make an evening of it. And that formula has worked throughout Asia."

Site selection, according to Hiatt, can be very difficult in some countries, especially those where KFC is the first American-based chain, which is usually the case. "Often there isn't any data base for what makes a successful fast-food site," Hiatt says.

In Europe and Japan, land costs are very high. So leasing is usually the only choice available. The opposite is true in Mexico, where "it's a great time to be building stores." KFC, in fact, about a month ago opened its first new unit in Mexico in three years.

KFC still does not have direct fast-food chicken competition overseas but is under increasing pressure from other fast feeders—established chains such as McDonald's and Pizza Hut as well as newer entrants into foreign markets such as Burger King.

Hiatt is unruffled by the looming competition, however. "We don't intend to lose our leadership," he declares. "We'll keep the pressure on."

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BK advances on European front—Pp. 97-101

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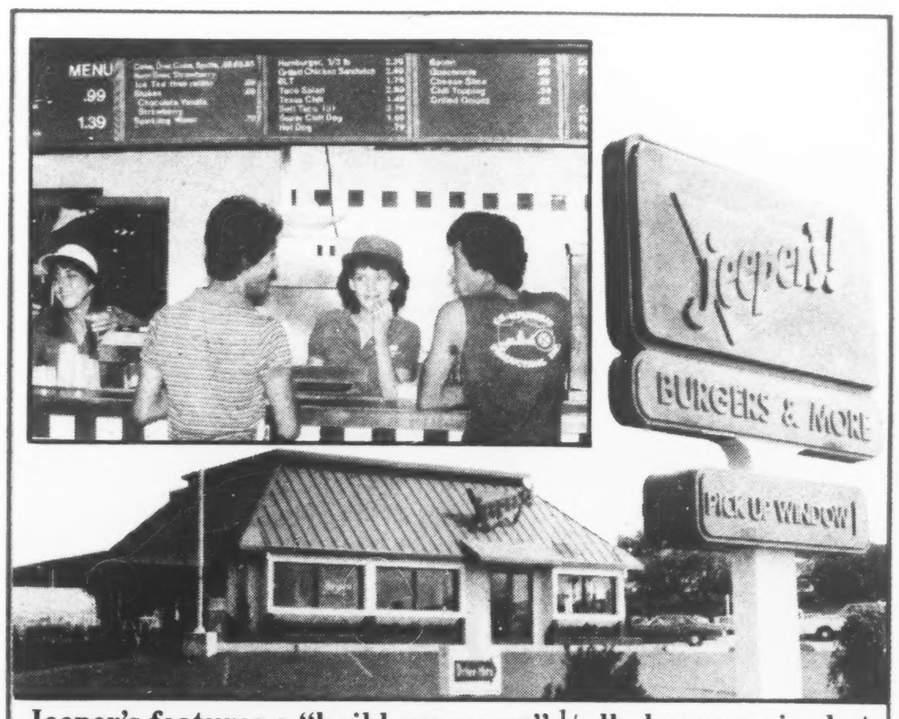


Jeeper's features a "build-your-own" 1/3-lb. burger priced at $2.39; the average per-person check is $4.

Jeeper's: Church's upscale burger bid

By Charles Bernstein

SAN ANTONIO — Add Jeeper's to Chili's, Fuddrucker's, Muggs, McCord's, Spoons, Purdy's, Flakey Jake's and the myriad others (Texas-based or otherwise) that have jumped into the overcrowded upscale burger derby.

Jeeper's (which some say got its name when an executive looked at the potential prototype and exclaimed, "Holy jeepers!") is Church's effort to transform some or all of its 79 lagging G. W. Jr.'s burger units into productive assets and to compete with Anaheim, Calif.-based Carl's Jr., which is pouring its upgraded 1/3-lb. burger units into the San Antonio area.

"We've actually devised a subsegment Chili's and McDonald's for Jeep[illegible]," said Richard Sherman, who was brought in from Hardee's six months ago as Church's president and chief operating officer. "We're 20% below the upscale gourmet burger houses in price and at least 20% above the regular fast feeders.

(Continued on page 142)

Fueling El Torito's growth

Marriott sells Casa Maria chain; other dinnerhouses could follow

By Richard Martin

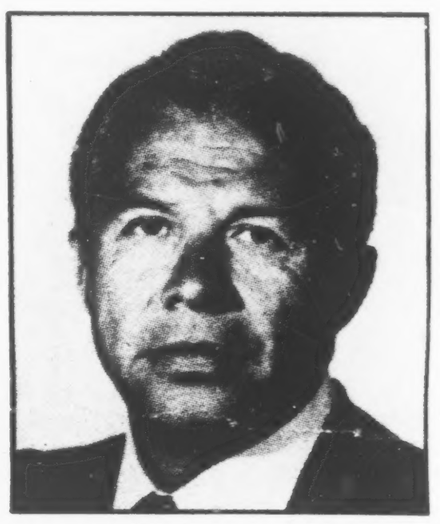
IRVINE, Calif. — Marriott Corp. has agreed to sell the 24-unit Casa Maria chain of Mexican dinnerhouses to El Torito Restaurants here for an undisclosed price, confirming an earlier report in *Nation's Restaurant News* that the units were for sale.

But Marriott officials have refused either to confirm or deny that negotiations with El Torito's parent company, W. R. Grace, are proceeding for the possible acquisition of Marriott's 30 other non-Mexican dinnerhouses (the Charley Brown's chain and others). Those 30 other units are also operated profitably by Marriott's Santa Monica, Calif.-based Host International division, which is principally an air-terminal feeder.

El Torito expects to add over $50 million to its 1985 sales volume as a result of the proposed acquisition of the Casa Maria restaurants, described by El Torito as currently enjoying good sales and profitability.

The acquisition would be the largest such deal ever for 119-unit El Torito, which went public last January, when Grace spun off a 27% stake in the chain. El Torito expects to further its growth strategy at the rate of about 20 to 25 additional restaurants a year through the 1980's.

Bill Marriott



Larry Cano

A longstanding ambivalence on the part of Marriott with respect to dinnerhouse operations has again come to the industry's attention with disclosure of sale negotiations and the El Torito agreement, which is still subject to the execution of a definitive purchase pact and various approvals.

After developing a variety of

(Continued on page 142)

Brock tries new medicine to keep ShowBiz healthy

By Susan Spedalle

IRVING, Tex. — Brock Hotels is reorganizing its ShowBiz Pizza Place division with plans that include the formation of a company to recycle poorly performing units, expansion through joint ventures and unit-level developments, such as reopening for lunch, inaugurating teen disco nights and revamping the chain's marketing programs.

But the need to pay down the enormous amount of debt incurred during ShowBiz's rapid expansion phase still hangs over the company. A recent sale of debentures raised $24.5 million, and 19 joint-venture deals on new ShowBiz units gave Brock management contracts that saved the company hefty real estate and construction costs.

Over the next five years the hotel company must pay $85 million in corporate debt; annual interest this year alone amounts to $24 million.

With such enormous expenses, the heat is on the pizza chain to come up with badly needed cash.

In order to turn poor ShowBiz units into viable concepts, Brock has created a new company named Unique Creative Concepts. The company will transform some 30 failing ShowBiz units into cash-rich adult watering holes. Brock hired John Long, who worked as vice president for W. R. Grace's Baxter's concept, to head the new division. Bob Brock, the chief executive officer, has also been consulting with Lance McFadden of McFadden Ventures, which operates Confetti and élan, on a new concept.

Franchising of the ShowBiz

(Continued on page 142)

San Francisco operators battle strike

SAN FRANCISCO — Restaurateurs here have come forth with financial and manpower assistance for colleagues struck by Local 2 of the Hotel and Restaurant Employees and Bartenders Union.

At presstime, 11 restaurants, including such well-known establishments as Ernie's, Scoma's, North Beach Restaurant and Pam Pam East, were being picketed while negotiations remained stalled between the union and 73 restaurants whose labor contracts expired at the end of August.

Only Scoma's, on Clay Street, was temporarily closed because of the strike. The others were operating with staffs comprised of family volunteers, moonlighting competitors and easily recruited nonunion help.

Though some union organizers threatened that the strike would spread citywide at the rate of one additional restaurant a day, others from the 17,000-member Local 2 said the strike strategy called for a limited number of walkouts in the interest of avoiding chaos.

An ad hoc strike fund totaling $125,000 was raised from the pledges of 11 restaurant owners whose places had not yet been adversely affected by the

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LATE NEWSBREAKS

Registration of chain executives for *Nation's Restaurant News'* 25th annual MUFSO conference, Sept. 30 to Oct. 3 in the Dallas Loews Anatole, at presstime was running 30% ahead of last year.

Howard Johnson Co. execs led by ceo G. Michael Hostage were, at presstime, reportedly readying an offer to buy the motel and restaurant chain from parent Imperial Group.

Hardee's operator Imasco USA has inked a deal to acquire four-unit Grisanti Inc., Louisville, Ky. Grisanti's two Mama Grisanti midpriced Italian restaurants are slated as a possible expansion vehicle.

Warner Communications this month closed its Gadgets restaurants in Reading, Pa., and Niles, Ohio, and was set to close Gadgets in Towson, Md., and Ocean Township, N.J. These actions apparently herald the virtual end of Warner's restaurant-entertainment experiment.

1st International Man of the Year chosen

Grubert to be honored at MUFSO '84

By Charles Forman

WINNIPEG, Canada — Oscar B. Grubert, a pioneer of the chain food-service business in his native Canada, has been chosen *Nation's Restaurant News'* first MUFSO International Man of the Year.

Grubert is co-founder, chairman and chief executive officer of the expansion-minded Champs organization (operator of casual theme Mother Tucker's and a Canadian KFC franchisee), based here but scheduled to relocate to new headquarters in Phoenix next year.

Oscar Grubert

Presentation of his award will be one of the highlights of the annual Multi-Unit Food Service Operators (MUFSO) conference awards banquet at Dallas' Loews Anatole Tuesday evening, Oct. 2.

Champs, the 1957 creation of Grubert, then a practicing attorney, and two friends, has reversed some of the rules of international expansion—especially where the border being crossed is the one between the United States and Canada.

A business built as a franchisee of Col. Sanders' early KFC

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